

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re: ) Chapter 11  
) Case No. 05 B 04533  
ROBERT J. LUNN, et al., ) (Jointly Administered)  
) Hon. Susan Pierson Sonderby  
Debtors. )

**NOTICE OF HEARING ON FINAL FEE APPLICATION OF ALVAREZ & MARSAL  
DISPUTE ANALYSIS AND FORENSIC SERVICES LLC FOR ALLOWANCE OF  
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF  
EXPENSES AS ACCOUNTANTS TO THE DEBTORS FOR THE PERIOD FROM  
MAY 31, 2005 THROUGH AND INCLUDING MAY 23, 2006**

**PLEASE TAKE NOTICE** that on **Wednesday, August 16, 2006, at 10:00 a.m.**, we shall appear before the Honorable Susan Pierson Sonderby, Room 642, United States Bankruptcy Court, 219 South Dearborn, Chicago, Illinois 60604, and shall then and there present the *Final Fee Application of Alvarez & Marsal Dispute Analysis and Forensic Services LLC for Allowance of Compensation for Services Rendered and Reimbursement of Expenses as Accountants to the Debtors for the period from May 31, 2005 through and including May 23, 2006* (the "Application"), at which time and place you may appear as you see fit. A copy of the Application may be obtained by contacting the undersigned.

<b>Applicant</b>	<b>Total Fees Requested</b>	<b>Total Expenses Requested</b>
<b>Alvarez &amp; Marsal Dispute Analysis and Forensic Services LLC</b> Debtors' Accountants	\$411,962.50	\$564.57

**PLEASE TAKE FURTHER NOTICE** that any party wishing to object to the Application shall file such objection in writing with the Clerk of the United States Bankruptcy Court, 219 South Dearborn, Chicago, Illinois 60604, on or before **Wednesday, August 9, 2006** (the "Objection Deadline"). If you file an objection to the Application, it must also be

served on the Applicant, the Debtors, and the Office of the United States Trustee so as to be received by all such parties on or before the Objection Deadline.

Dated: Chicago, Illinois  
July 20, 2006

**DLA PIPER RUDNICK GRAY CARY US LLP**

By: /s/ David M. Neff

David M. Neff (ARDC #06190202)  
William Choslovsky (ARDC #06224664)  
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**CERTIFICATE OF SERVICE**

David M. Neff, an attorney, certifies that on July 20, 2006, he caused the foregoing *Notice of Hearing on Final Interim Fee Application of Alvarez & Marsal Dispute Analysis and Forensic Services LLC for Allowance of Compensation for Services Rendered and Reimbursement of Expenses as Accountants to the Debtors for the period from May 31, 2005 through and including May 23, 2006 (the "Notice")* to be filed electronically. Notice of this filing was sent by operation of the Court's electronic filing system to the following parties:

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In addition, the parties listed on the attached service list were served with the Notice on July 20, 2006 by regular U.S. mail, postage prepaid. Parties may access this filing through the Court's CM/ECF system.

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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re:	)	Chapter 11
	)	Case No. 05 B 04533
ROBERT J. LUNN, et. al.,	)	(Jointly Administered)
	)	Hon. Susan Pierson Sonderby
Debtors.	)	

**FINAL FEE APPLICATION OF ALVAREZ & MARSAL DISPUTE ANALYSIS AND  
FORENSIC SERVICES LLC FOR ALLOWANCE OF COMPENSATION FOR  
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS  
ACCOUNTANTS TO THE DEBTORS FOR THE PERIOD FROM  
MAY 31, 2005 THROUGH AND INCLUDING MAY 23, 2006**

Robert J. Lunn ("Lunn"), Lunn 119<sup>th</sup> LLC ("Lunn 119<sup>th</sup>"), and Lunn 26<sup>th</sup> LLC ("Lunn 26<sup>th</sup>") and together with Lunn and Lunn 119<sup>th</sup>, the "Debtors"), pursuant to Sections 330, 331 and 504 of Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Local Rule 5082-1 of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Illinois (the "Local Rules"), submit this final fee application (the "Application") of Alvarez & Marsal Dispute Analysis and Forensic Services, LLC<sup>1</sup> ("A&M") for allowance of compensation for services rendered and reimbursement of expenses incurred as accountants to the Debtors for the period May 31, 2005 through and including May 23, 2006 (the "Application Period") and respectfully request an order awarding A&M final compensation of \$411,962.50 for professional services and reimbursement of A&M's ordinary and necessary costs of \$564.57

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<sup>1</sup> Effective June 1, 2005, Alvarez and Marsal LLC formed new entities, one of which is Alvarez and Marsal Dispute Analysis and Forensic Services, LLC, which is the entity that provided the services described in this Application and hereby seeks compensation for services rendered and reimbursement of expenses.

incurred throughout its representation of the Debtors.<sup>2</sup> In support of the foregoing, the Debtors state as follows:

I. **BACKGROUND AND FEE APPLICATIONS**

A. **Chapter 11 Filings and A&M's Retention**

1. On February 10, 2005, Panduit Corp., Jack E. Caveney and Margaret C. Caveney filed an involuntary bankruptcy petition (the "Involuntary Petition") against Lunn (Case No. 05 B 04533) in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court").

2. On March 23, 2005, before the Involuntary Petition was adjudicated, Lunn consented to the entry of an Order for Relief under Chapter 7 of the Bankruptcy Code, and the Bankruptcy Court concurrently entered an Order Granting Lunn's Routine Motion for Conversion to Chapter 11.

3. On March 30, 2005, Lunn 119<sup>th</sup> (Case No. 05 B 11666) and Lunn 26<sup>th</sup> (Case No. of B 11672) each filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

4. On April 6, 2005, the Bankruptcy Court entered an Order Directing Joint Administration of Cases.

5. On May 31, 2005, the Bankruptcy Court entered an Order Granting Debtors' Application for Entry of an Order Authorizing Retention and Employment of Alvarez & Marsal as Debtors' Accountants (the "Retention Order") (Dkt. No. 178). The Retention

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<sup>2</sup> As described in more detail herein, A&M's final request for compensation and reimbursement of ordinary and necessary expenses in the Application consists of two components: (a) A&M's fees in the amount of \$3,967.50 (the "New Fees") incurred during the period March 1, 2006 through May 23, 2006 (the "New Application Period"); and (b) interim compensation in the amount of \$407,995.00 (the "Interim Fees") and reimbursement of expenses totaling \$564.57 (the "Interim Expenses" and together with the Interim Fees, the "Interim Fees & Expenses") awarded pursuant to Bankruptcy Court Orders dated November 23, 2005 and April 24, 2006.

Order provides, among other things, that “final allowance of all compensation and expense reimbursement of Alvarez & Marsal is subject to further Bankruptcy Court approval, after hearing and upon proper application to the Bankruptcy Court” Retention Order, ¶ 3.

6. On June 22, 2005, the Bankruptcy Court entered an Order authorizing the Debtors’ to pay A&M a retainer in the amount of \$35,000 (the “Retainer”).

**B. Fee Applications**

7. On November 2, 2005, A&M filed and served the First Interim Fee Application of Alvarez & Marsal LLC for Allowance of Compensation for Services Rendered and Reimbursement of Expenses as Accountants to the Debtors for the Period from June 11, 2005 through and including September 30, 2005 (the “First Interim Application”), seeking reimbursement of fees in the amount of \$132,376.50 and reimbursement of expenses in the amount of \$862.10.

8. On November 23, 2005, the Bankruptcy Court granted the First Interim Application and entered the Order Allowing Interim Compensation Pursuant to the First Interim Fee Application of Alvarez & Marsal LLC for Allowance of Compensation for Services Rendered and Reimbursement of Expenses as Accountants to the Debtors for the Period From June 11, 2005 through and including September 30, 2005 (the “First Interim Order”), which approved A&M’s compensation for professional services rendered in the amount of \$132,376.50 and reimbursement of its actual, necessary expenses in the amount of \$382.26.

9. On March 29, 2006, A&M filed and served the Second Interim Fee Application of Alvarez & Marsal Dispute Analysis and Forensic Services LLC for Allowance of Compensation for Services Rendered and Reimbursement of Expenses as Accountants to the

Debtors for the Period from October 1, 2005 through and including February 28, 2006 (the “Second Interim Application” and together with the First Interim Application, the “Interim Applications”), seeking reimbursement of fees in the amount of \$289,073.50 and reimbursement of expenses in the amount of \$181.71.

10. On April 24, 2006, the Bankruptcy Court granted the Second Interim Application and entered the Order Allowing Interim Compensation Pursuant to the First Interim Fee Application of Alvarez & Marsal Dispute Analysis and Forensic Services LLC for Allowance of Compensation for Services Rendered and Reimbursement of Expenses as Accountants to the Debtors for the Period From October 1, 2005 through and including February 28, 2006 (the “Second Interim Order” and together with the First Interim Order, the “Interim Orders”), which approved A&M’s compensation for professional services rendered in the amount of \$275,618.50 and reimbursement of its actual, necessary expenses in the amount of \$181.71.

11. The Interim Fees & Expenses awarded and paid to A&M pursuant to the Interim Orders total \$408,559.57. The total fees requested by A&M for the New Application Period total \$3,967.50.

12. This is A&M’s third and final fee request. A&M seeks entry of a *final* order authorizing and allowing *final* compensation of \$411,962.50 for work performed on behalf of the Debtors from May 31, 2005 through and including May 23, 2006 (the entire duration of A&M’s representation of the Debtors) and reimbursement of its actual and necessary expenses in the amount of \$564.57 incurred during that same period, which are comprised of: (a) the New Fees (\$3,967.50); (b) the Interim Fees (\$407,995.00); and (c) the Interim Expenses (\$564.57).

13. Because A&M has yet to apply the Retainer to the Interim Fees & Expenses awarded to it pursuant to the Interim Orders, A&M currently owes funds back to the Debtors' estates. Thus, the Bankruptcy Court's approval of this Application (including approval of the New Fees) will not result in any further diminution of the Debtors' assets, but, rather, will merely approve all those fees and expenses incurred by A&M during the Application Period.

14. The Debtors submit that all services and costs for which compensation is requested in this Application were reasonable and necessary and were performed by A&M for and on behalf of the Debtors and not for or on behalf of any other person.

## **II. NATURE OF SERVICES PERFORMED BY A&M**

15. A&M has served as accountants to the Debtors since May 31, 2005. As part of that role, A&M has devoted time to numerous and complex matters in these cases.

16. As detailed above, A&M has filed two Interim Applications. The Interim Applications have been subject to prior Bankruptcy Court and creditor scrutiny, review and approval. Accordingly, for efficiency sake and to avoid redundancy, the detailed billing entries contained herein and attached hereto relate solely to the New Application Period because the Bankruptcy Court has not previously reviewed and approved fees and expenses for this period. The Interim Fee Applications, which are voluminous, are available for review upon request. All of the professional services that A&M rendered to the Debtors during the New Application Period are set forth in detail in Group Exhibit "A," segregated according to project billing categories pursuant to Local Rule 5082-1. Without limiting the detailed descriptions in Group Exhibit "A," a brief description and summary of certain services rendered during the New Application Period are provided below by project category as maintained by A&M.

**A. Detailed Claims and Cash Flow Analyses:** (Total Hours: 8.3, Total Fees: \$2,863.50)

17. During the New Application Period, A&M performed certain cash flow analyses relating to various bank accounts previously utilized by the Debtors in an effort to assist the Debtors' attorneys in understanding the Debtors' business and financial dealings. In addition, A&M updated its analysis of MOP transactions based on information provided by The Northern Trust and reviewed and discussed such analysis with the Debtors' attorneys.

18. In connection with the foregoing, A&M expended 8.3 hours for which A&M seeks compensation of \$2,863.50. An itemized breakdown of the services rendered to the Debtors is attached hereto as "Exhibit A-1."

**B. Fee Application Preparation:** (Total Hours: 3.2, Total Fees: \$1,104.00)

19. During the New Application Period, A&M attended the Bankruptcy Court hearing on the Second Interim Application. In addition, A&M reviewed billing entries for the New Application Period and assisted the Debtors' attorneys with preparing the Second Interim Application.

20. In connection with the foregoing, A&M expended 3.2 hours for which A&M seeks compensation of \$1,104.00. An itemized breakdown on the services rendered to the Debtors is attached hereto as "Exhibit A-2."

**III. STATEMENT OF LEGAL SERVICES AND EXPENSES**  
**PURSUANT TO 11 U.S.C. § 504 AND BANKRUPTCY RULE 2016(B)**

21. All of the services performed by A&M were required for the proper representation of the Debtors in these cases, were authorized by the Bankruptcy Court, and were performed by A&M at the request and/or direction of the Debtors. Pursuant to



Bankruptcy Code Section 331 and the generally applicable criteria of the time, nature, extent and value of the services performed, all of A&M's services are compensable.

22. There has been little, if any, duplication of services by the accountants or professionals of A&M. In those instances where two or more accountants and/or professionals participated in any matter, such joint participation was necessary because of the complexity of the problem, magnitude of the issues, allocation of work responsibility or work involved and/or the time constraints that existed.

23. The rates at which A&M seeks compensation are its usual and customary standard hourly rates charged for work, both bankruptcy and non-bankruptcy, performed for other A&M clients.

24. During the New Application Period, A&M has devoted 11.5 hours to assist the Debtors with respect to categories (A) and (B) above, and has provided these estates with actual and necessary accounting services worth a total of \$3,967.50, but has not incurred additional expenses. As is set forth above, A&M has already been compensated for the Interim Fees & Expenses, but has not yet applied the Retainer. Because the New Fees only total \$3,967.50, A&M owes a refund to the Debtors. Thus, no further payments will be made to A&M from the Debtors' estates.

25. A copy of the computer generated time entries reflecting the time recorded for A&M's services, organized by project billing categories in accordance with Local Rule 5082-1, is attached hereto as Group Exhibit "A."

26. Attached hereto as Exhibit "B" is the affidavit of Aimee N. Scherger attesting to, among other things, the accuracy of the information set forth in Group Exhibit "A" of this Application.

27. Attached to this Application as Exhibit "C" is a draft order.

**WHEREFORE**, the Debtors respectfully request that this Bankruptcy Court enter an order authorizing and approving:

A. Final compensation to A&M in the amount of **\$411,962.50** for professional services rendered to the Debtors from May 31, 2005, through and including May 23, 2006;

B. Final reimbursement of A&M's ordinary and necessary costs of **\$564.57** incurred during the period from May 31, 2005, through and including May 23, 2006; and

C. Such other and further relief as the Bankruptcy Court may deem just and equitable under the circumstances.

Respectfully submitted,

Dated: July 20, 2006

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LUNN 26TH LLC**

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**CERTIFICATE OF SERVICE**

David M. Neff, an attorney, certifies that on July 20, 2006, he caused the foregoing *Final Fee Application of Alvarez & Marsal Dispute Analysis and Forensic Services LLC for Allowance of Compensation for Services Rendered and Reimbursement of Expenses as Accountants to the Debtors for the period from May 31, 2005 through and including May 23, 2006 (the "Application")* to be filed electronically. Notice of this filing was sent by operation of the Court's electronic filing system to the following parties:

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In addition, the following party was served with the Application on July 20, 2006  
by regular U.S. mail, postage prepaid. Parties may access this filing through the Court's  
CM/ECF system.

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